Checking speculation in commodity markets

†776. SHRI SATYAVRAT CHATURVEDI:
SHRI MOTILAL VORA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that speculation in commodity market leads to inordinate increase in the price;

(b) if so, the steps taken by Government to curb speculations in commodity market; and

(c) the extent of success achieved in checking speculation in commodity market as a result of these measures?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The recognized commodity exchanges provide a platform for forward trading in commodities. Speculation is an integral part of forward trading. Prices of various commodities are largely determined on the basis of fundamental factors linked to demand and supply positions.

(b) Forward Markets Commission (FMC), which is the Regulator for commodity futures markets under the provisions of the Forward Contracts (Regulation) Act, 1952, has laid down various regulatory measures such as limit on open position, margins, price bands etc. to ensure orderly trading and to prevent excessive speculation.

(c) As a consequence of the various regulatory measures prescribed by FMC, it has been possible to check unhealthy speculation and manipulation in the commodity futures market.

Accountability for loss of cheque

†777. SHRI MOTILAL VORA:

SHRI SATYAVRAT CHATURVEDI:

Will the Minister of FINANCE be pleased to state:

(a) the official accountable for loss of cheque deposited with a bank;

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†Original notice of the question was received in Hindi.

(b) the action taken against the bank in case of account-holder not getting the payment of cheque;

(c) if not, the reasons therefor; and

(d) the action taken against the bank on making cash payment of an account payee cheque?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Reserve Bank of India (RBI) issued instructions, through Indian Banks'Association vide their circular dated 6.5.2005, to banks to incorporate the following in cheque collection policy formulated by them:-

(i) In respect of cheques lost in transit or in the clearing proces or at the paying bank's branch, banks should immediately bring the same to the notice of account-holder so that the account-holder can inform the drawer to record stop payment and can also take care that other cheques issued by him are not dishonoured due to non-credit of the amount of lost cheque(s)/instruments.

(ii) The onus of such loss lies with the collecting banker and not with the account-holder.

(iii) The bank should reimburse the account-holder related expenses for obtaining duplicate cheques and also interest for reasonable delays occurred in obtaining the same.

(iv) If the cheque/instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the cheque from the paying banker.

(d) Banks can not make cash payment of an account payee cheque as they-are crossed cheques. As per banking practice, cash payment of an account payee cheque can be made only if the cross is opened by the drawer of the cheque.